

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA IMMEDIATE

C O N F I D E N T I A L STATE 123139

PASS TO ASSISTANT SECRETARY HABIB

FOLLOWING REPEAT VIENTIANE 03655 ACTION SECSTATE 23 MAY 75

QUOTE

C O N F I D E N T I A L VIENTIANE 3655

AIDAC

E.O. 11652: GDS

SUBJ: DAB MEETING - MAY 23, 1975

REF: A) VIENTIANE 3606

B) VIENTIANE 3472

1. DAB MET MARCH 23. CHAIRMAN OF FEAC BOUSUANE WAS LAO REPRESENTATIVE. BOUNSOUANE SUBMITTED REVISED GLOBAL BUDGET FIGURES FOR FY 1976 WHICH HAD BEEN APPROVED BY SECSTATE BOUTSABONG BUT PROVIDED NO FURTHER DETAILS. HE CONFIRMED THAT BOUTSABONG AND PGNU WERE ANXIOUS TO SIGN THE ACCORDS AS SOON AS POSSIBLE.

2. USAID REP STETTNER STATED THAT U.S. MISSION, AS WAS EVIDENT, HAD BEEN PREOCCUPIED WITH THE EVENTS OF RECENT DAYS. HE HAS NOT BEEN ABLE TO HAVE ACCESS TO HIS OFFICE
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FOR THREE DAYS AND WAS THEREFORE UNABLE TO PARTICIPATE MEANINGFULLY IN THE PREPARATORY WORK FOR THE FEOF AGREEMENTS. WHILE U.S. WAS STILL PREPARED TO SIGN THE AGREEMENTS AS SOON AS FEASIBLE, IT WAS CLEARLY

IMPOSSIBLE FOR HIM TO PARTICIPATE IN THE WORK OF THE GROUP WHILE THE PRESENT SITUATION PERSISTED.

3. UK REP FAIRWEATHER OBSERVED THAT WHILE HE HEARD THE STATEMENT THAT THE PGNU DESIRED TO SIGN THE AGREEMENTS AS SOON AS POSSIBLE RECENT DEVELOPMENTS CLEARLY MADE IT IMPOSSIBLE FOR THE U.S. TO PARTICIPATE MEANINGFULLY IN THE PREPARATORY WORK. HE WAS THEREFORE PERPLEXED BY THE SITUATION AND WONDERED WHETHER THERE WAS INDEED A SINCERE DESIRE ON THE PART OF THE GOVERNMENT TO PROCEED WITH THE SIGNING OF THE AGREEMENTS.

(COMMENT: IN EARLIER DISCUSSION WITH SETTNER, FAIRWEATHER HAD INDICATED THAT HE WOULD REQUEST HIS AMBASSADOR FOR AUTHORITY TO MAKE A STRONG SUPPORTING STATEMENT).

4. FRENCH REP. ROUZO STATED THAT HE HAD REFERRED QUESTION OF FUNDING OF FOREIGN EXCHANGE COMPONENT OF PROJECTS TO TREASURY IN PARIS AND EXPECTED TO HEAR SHORTLY. HOWEVER, WITHOUT FULL U.S. PARTICIPATION NECESSARY WORK IN REVISING AGREEMENTS COULD NOT BE COMPLETED. HE ADDED THAT JAPANESE REPRESENTATIVE NISHIYAMA WHO WAS UNABLE TO ATTEND THE MEETING HAD TOLD HIM THAT WHILE GOJ WAS STILL IN FAVOR OF CONTRIBUTING TO FEOF STABILIZATION PROGRAM, IN HIS VIEW POSITION OF HIS GOVERNMENT WOULD NEED TO BE RECONSIDERED SINCE IN THE LIGHT OF A POSSIBLY SUBSTANTIALLY REDUCED U.S. CONTRIBUTION THE FEASIBILITY OF SUPPORTING A MEANINGFUL STABILIZATION PROGRAM WAS PUT INTO QUESTION.

5. GROUP THEN DISCUSSED STATUS OF FEOF OPERATIONS. BOUNSOUANE REPORTED THAT FEOF BALANCE WAS \$1.4 MILLION. THERE HAD BEEN A SIGNIFICANT REDUCTION IN FEOF APPLICATIONS IN PAST COUPLE OF WEEKS. NEVERTHELESS IN VIEW OF THE NEW RULE THAT ONLY 30 PCT OF THE FX AMOUNT SHOWN ON THE IMPORT APPLICATIONS APPROVED BY FEAC COULD BE DRAWN IMMEDIATELY A ROUGH CALCULATION BY THE DONORS INDICATED THAT PENDING FEOF COMMITMENTS EXCEEDED CURRENT FEOF AVAILABILITIES. CONFIDENTIAL

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THEY NOTED THAT BNL HAD SO FAR CONTRIBUTED \$2 MILLION AND WOULD NEED TO TRANSFER ADDITIONAL FUNDS TO KEEP FEOF GOING UNTIL AGREEMENTS COULD BE SIGNED.

6. BOUNSOUANE STATED THAT HE WAS NOT IN A POSITION TO COMMENT ON THE POINTS MADE BY THE DONOR REPS BUT WOULD GIVE FULL REPORT OF THE MEETING TO BOUTSABONG. HE ASKED FOR A RESTATEMENT OF THE U.S. POSITION AND SETTNER REPEATED THAT:

A) THE U.S. WAS IN PRINCIPLE PREPARED TO SIGN THE AGREEMENTS AS SOON AS FEASIBLE, B) THAT AS LONG AS HE HAD NO ACCESS TO HIS OFFICE HE COULD NOT USEFULLY PARTICIPATE IN THE WORK ON PREPARING THE AGREEMENTS AND C) HE WAS NOT

IN A POSITION TO STATE WHAT THE U.S. CONTRIBUTION WILL BE. HE NOTED, HOWEVER, THAT THE U.S. HAD ALREADY CONTRIBUTED \$5 MILLION AND THAT AN ADDITIONAL \$3 MILLION WAS ALREADY APPROPRIATED. IN VIEW OF UNSETTLED SITUATION NEXT DAB WILL BE SUBJECT TO CALL BY CHAIRMAN.

7. SUBSEQUENT TO THE MEETING RAMSEY AND SETTNER TALKED TO AUSTRALIAN, U.K., AND JAPANESE REPRESENTATIVES. FAIRWEATHER (U.K.) AND WILSON (AUSTRALIA) INDICATED THAT THEIR AMBASSADORS WOULD MAKE REPRESENTATIONS TO THE PGNU TO THE EFFECT THAT RECENT DEVELOPMENTS AFFECTING USAID PRESENCE, AND IN VIEW OF A POSSIBLY REDUCED U.S. FEOF CONTRIBUTION, THE CONTINUED SUPPORT OF THE STABILIZATION PROGRAM BY THEIR GOVERNMENTS MAY HAVE TO BE RECONSIDERED.

8. JAPANESE COUNSELLOR NISHIYAMA REPORTED THAT HIS AMBASSADOR AND HE MET WITH THE PRIME MINISTER MARCH 22. IN THE COURSE OF THE CONVERSATION, PM ASKED FOR CONTINUED JAPANESE CONTRIBUTION TO FEOF. THEY POINTED OUT THAT A POSSIBLY SUBSTANTIALLY REDUCED U.S. CONTRIBUTION MIGHT PUT THE CONTINUATION OF A MEANINGFUL STABILIZATION PROGRAM INTO QUESTION AND GOJ WOULD HAVE TO REVIEW ITS PARTICIPATION IN THE LIGHT OF THESE DEVELOPMENTS. SOUVANNA STATED THAT HE HAD FULL CONFIDENCE IN THE CONTINUATION OF AMERICAN ASSISTANCE AND WOULD DISCUSS IT WITH ASSISTANT CONFIDENTIAL

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SECRETARY HABIB WHEN HE COMES HERE IN EARLY JUNE. JAPANESE AMBASSADOR AND COUNSELLOR MADE THE SAME POINT TO SECSTATE BOUTSABONG ON MARCH 21 AFTER THE NORTH VIETNAMESE RECEPTION. BOUTSABONG MERELY TOOK NOTE OF THEIR STATEMENT AND DID NOT EXPRESS SIMILAR CONFIDENCE. CHAPMAN

UNQUOTE. INGERSOLL

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<< END OF DOCUMENT >>

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